



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

Publication 82

FEBRUARY 1999

FEBRUARY HIGHLIGHTS

- ❑ Fairfax County's unemployment rate dropped to 1.4 percent in December, according to data reported by the Virginia Employment Commission.
- ❑ Job growth expanded 4.4 percent in Northern Virginia, according to a recently released report by the Bureau of Business Research at the College of William and Mary.
- ❑ In 1998, approximately 77,600 jobs were added Statewide, according to analysts at Crestar Bank. This is an increase of 2.4 percent.
- ❑ The County's Sales Tax receipts through February total \$67.2 million and top the prior fiscal year by 6.4 percent.
- ❑ Consistent with prior trends, the median sales price of existing single family and townhomes increased slightly in 1998, while that of existing condominiums fell short of 1997. The median sales prices of all types of new homes exhibited modest increases in 1998.
- ❑ The sales volumes of all types of existing homes exceeded the prior year by significant margins in 1998. The volumes of new single family and townhomes sales in 1998 also topped the prior year, while that of new condominiums declined, relative to 1997.
- ❑ The Conference Board's South Atlantic Consumer Confidence Index rebounded slightly in January from its December slide.
- ❑ The Fairfax County Coincident Index declined slightly in December, while the County's Leading Index gained modestly. Comparatively, both the Metropolitan Coincident and Leading Indices gained slightly for this period, as did the Virginia Indices.

The County's December unemployment rate is one of the lowest in almost three decades...

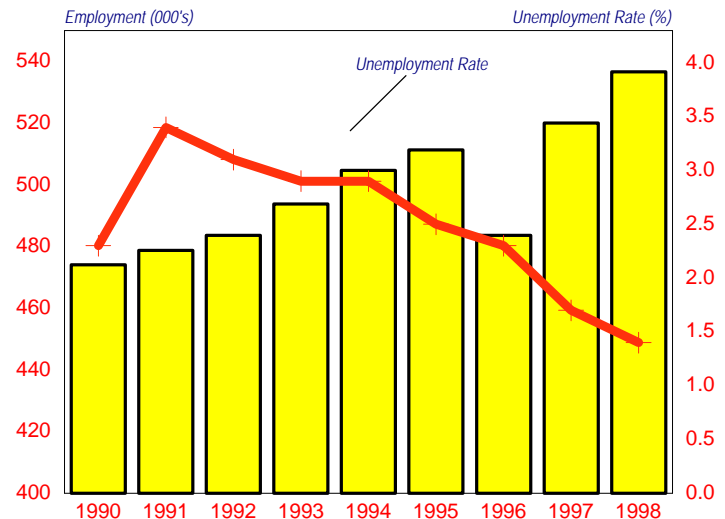
The County's unemployment rate continued its downward trend in December, dropping 0.2 points to 1.4 percent, according to the Virginia Employment Commission (VEC). This is only 0.1 point higher than the 29-year low of 1.3 percent registered in April 1998. The unemployment rate was moderately higher at 1.7 percent one year ago, attesting to the strength of the local labor market. The VEC also reported that 536,566 Fairfax County residents were employed in December, up 3.2 percent, or 16,547 jobs, over the prior year.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



RESIDENTIAL EMPLOYMENT - DECEMBER



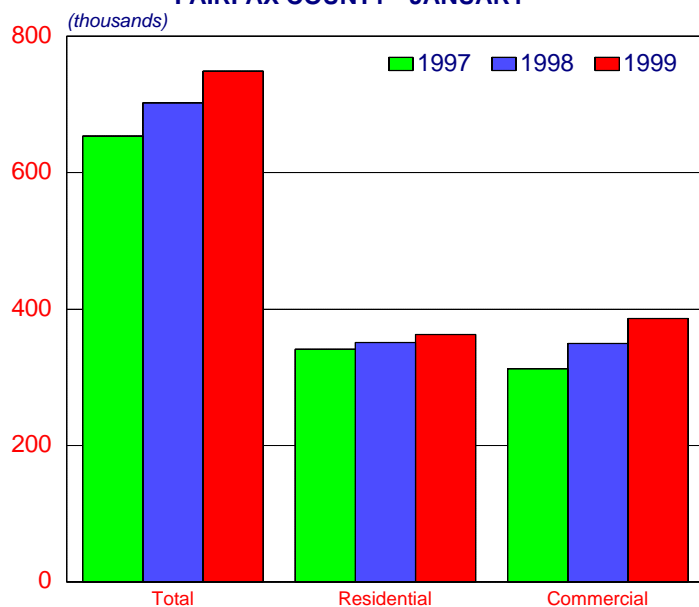
Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

A recent report released by the Bureau of Business Research at the College of William and Mary, the *Virginia Outlook*, stated that the Northern Virginia metropolitan area accounted for 31.0 percent of Virginia's total employment in 1998 and was responsible for 44.0 percent of the State's job growth. The 1998 job gain in Northern Virginia was 41,000, or 4.1 percent. As noted in previous editions, the region has labor shortages which tend to put upward pressure on wages. However, intense market competition limits the degree to which area businesses can offer higher wages. Consequently, in 1997 and 1998, growth in wages and salaries has been below that of the state average. Analysts at the Bureau of Business Research indicate that payroll increases per worker may be higher in 1999 and 2000.

Unemployment rates on State and national levels also low...

The Commonwealth's unemployment rate dropped 0.1 point to 2.7 percent in December. This is the Commonwealth's second lowest unemployment rate in the past 12 months and one of the lowest rates in nearly three decades. The unemployment rate has been lower only one other time in 1998. The Commonwealth's December 1998 rate is also lower than that of December 1997, when a rate of 3.1 was registered. Analysts at Crestar Bank stated that 77,600 jobs were added throughout the state in 1998, a 2.4 percent increase. By comparison, the national employment rate dropped to 4.3 percent in December from the 4.4 percent registered in November.

BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - JANUARY



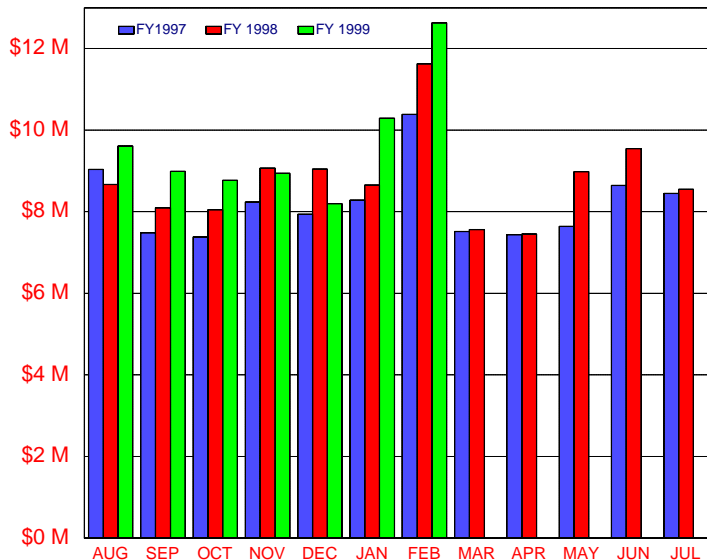
Source: Bell Atlantic
Compiled by the Fairfax County Dept. of Management and Budget

Growth in business telephone lines registered its largest gain in eight months...

As of January 31, 1999, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 748,656 telephone lines, up 46,328 lines, or 6.6 percent, over January 1998. The business sector has added the majority, or 34,494, of the new telephone lines. Total business lines in the County were up 9.8 percent to 386,074 lines. This is the highest rate of growth in business lines since May 1998. Residential telephone lines totaled 362,582 as of January 1999, an increase of 11,834 lines, or 3.4 percent, over the prior year.

SALES TAX REVENUES

(revenues represent retail sales two months prior)

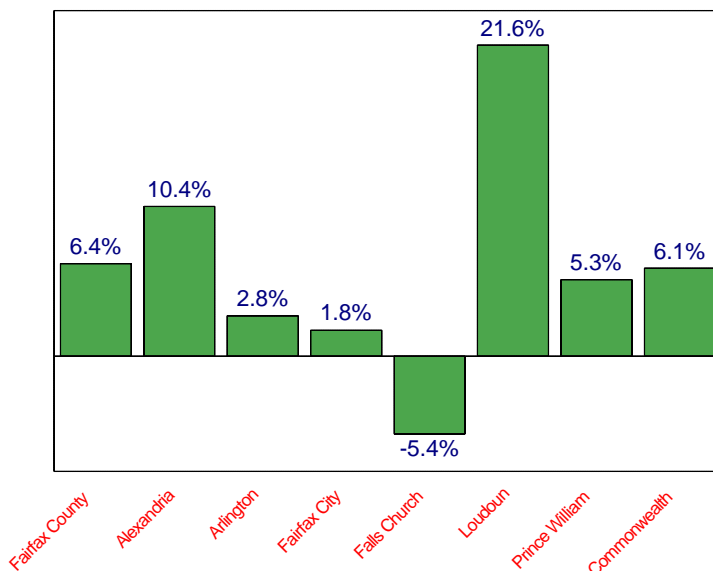


Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

Fairfax County's Sales Tax receipts through February top the prior fiscal year by 6.4 percent...

Fairfax County's February Sales Tax receipts, representing retail purchases made in December, were \$12.6 million and lead the prior year by 8.7 percent. To date, the County's fiscal year Sales Tax receipts total \$67.2 million and top the prior fiscal year by 6.4 percent.

FY 1999 SALES TAX RECEIPTS -THROUGH FEBRUARY



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

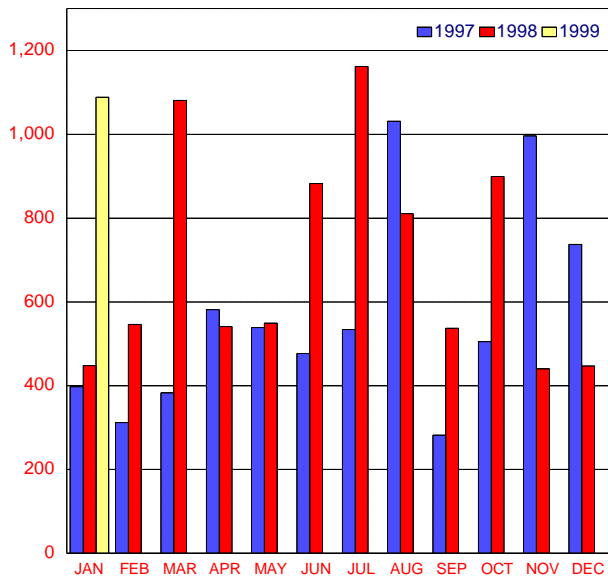
Sales Tax collections through February continue to be varied in Northern Virginia jurisdictions...

December retail performance, as indicated by February Sales Tax receipts, was varied in the Northern Virginia jurisdictions that are monitored, ranging from an increase of 31.5 percent in Loudoun to a decrease of 9.1 percent in Falls Church. Cumulative Sales Tax receipts through February are up 21.6 percent in Loudoun, 10.4 percent in Alexandria, 5.3 percent in Prince William, 2.8 percent in Arlington, and 1.8 percent in Fairfax City. By contrast however, Sales Tax receipts through February in Falls Church, continue to lag behind the prior year, with collections down 5.4 percent. The Commonwealth registered an increase of 7.3 percent in February Sales Tax receipts. With this increase, cumulative Sales Tax receipts through February for the Commonwealth lead the prior fiscal year by 6.1 percent.

Retail sales on the national level tops the prior year by 7.3 percent...

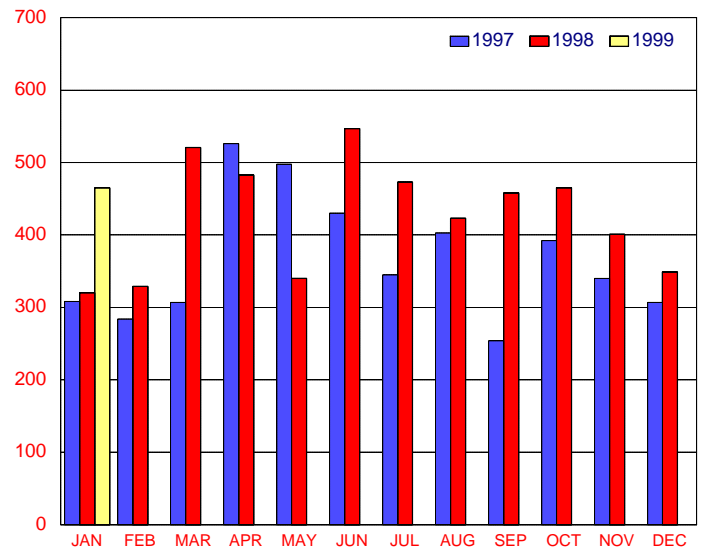
According to the Commerce Department, retail sales on the national level continue to lead the prior year. Retail sales in December topped the same period in 1997 by 7.3 percent. Durable goods sales posted a gain of 9.2 percent and registered increases in all three major components. Non-durable goods sales topped the prior year by 6.1 percent with five of the six major components making positive contributions once again. As in prior months, Drug and Proprietary Stores, as well as Eating and Drinking Places, recorded the more significant gains, while Gasoline Service Stations registered additional declines.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS

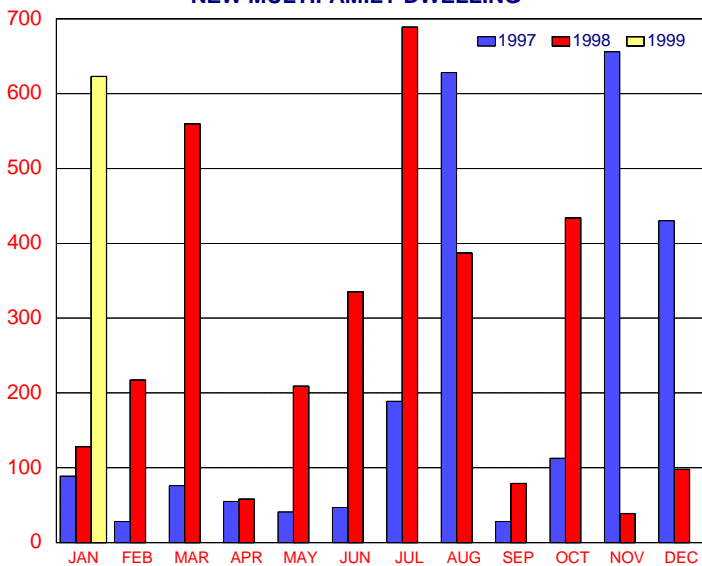


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

The number of new residential dwelling permits issued in January 1999 tops the prior year by a significant margin....

Issues of new residential dwelling permits in January 1999 registered a significant gain of 142.9 percent, or 640 permits. The number of multifamily permits issued in January totals 623, an increase of 386.7 percent, or 495 permits over January 1998. The number of single-family permits issued for this period is also up significantly, with a lead of 45.3 percent, or 145 permits.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

By contrast the number of residential repair and alteration permits issued in January declined 26.1 percent, or 252 permits, as compared to January 1998.

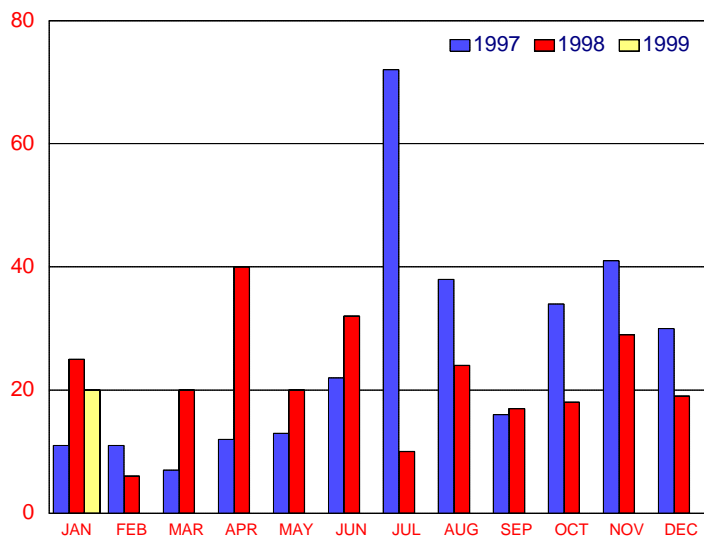
New privately owned housing starts on national level up in January...

New privately owned housing starts on the national level outpaced the prior year by 17.4 percent in January, according to the Commerce Department. Regionally, the South registered the greatest gain with a 31.9 percent increase, followed by leads of 13.9 percent in the West, and 2.5 percent in the Northeast. By contrast, housing starts in the Midwest for this period trail 1998 by 11.1 percent.

The number of residential building permits issued nationwide up also in January....

The Commerce Department also reported that the number of residential building permits issued nationwide in January 1999 exceeded the prior year by a 12.4 percent margin, with growth varied in the four regions. Residential building permit issues were up 22.6 percent in the South and 13.4 percent in the West. By contrast, residential building permit issues were down 9.6 percent in the Midwest and 5.1 percent in the Northeast.

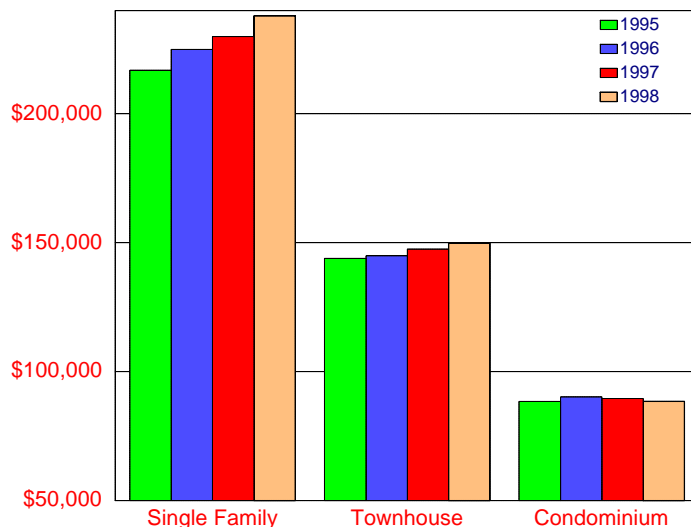
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD ANNUAL MEDIAN PRICES 1995 - 1998



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

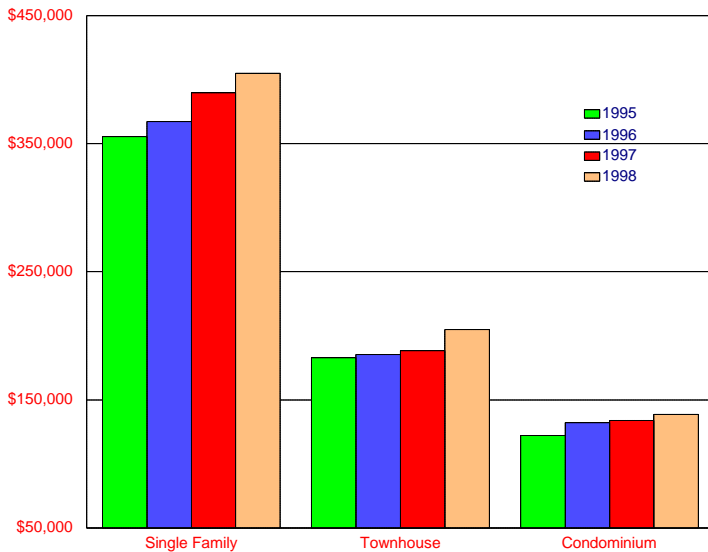
The number of nonresidential permits issued by the County in January lags behind the prior year...

The number of nonresidential permits issued by the County in January 1999 fell short of the prior year by 20.0 percent, or five permits. In January, 20 permits were issued. Conversely, the number of nonresidential repair and alteration permits issued by the County in January registered an increase of 15.7 percent, or 45 permits, over January 1998.

The median selling prices of existing single family homes and townhomes registered moderate increases...

Based on sales data through December, the median selling prices of existing single family homes and townhomes registered modest increases, while that of existing condominiums fell short of 1997. The median selling price of existing single family homes sold in 1998 is \$238,000, an increase of \$8,000, or 3.5 percent, over 1997's median selling price of \$230,000. The 1998 median selling price of townhomes of \$149,900 is an increase of 1.6 percent, or \$2,400 over 1997's \$147,500. By contrast, existing condominium sales in 1998 reflect a decrease of 1.3 percent, or \$1,125, to \$88,500 from the \$89,625 established in 1997.

MEDIAN PRICE OF NEW HOMES SOLD ANNUAL MEDIAN PRICES 1995 - 1998



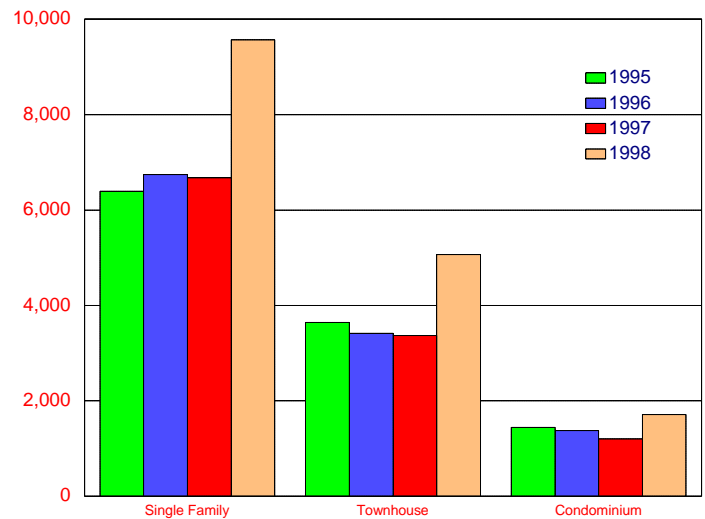
Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

The median selling prices of all types of new homes increased in 1998...

Sales data through December indicate increases in the median selling prices of all types of new homes. The median selling price of new townhomes increased 8.8 percent in 1998 to \$205,000 from the \$188,481 established in 1997. The median selling price of new single family homes increased 3.9 percent to \$404,965, over a price of \$389,747 established in 1997. Lastly, the median selling price of new condominiums in 1998 increased 3.6 percent, to \$138,790, over 1997's \$134,038.

Changes in selling prices, coupled with the volume of sales, are generally considered to be reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to the selling prices within neighborhoods.

NUMBER OF EXISTING HOMES SOLD



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

The sales volumes of all types of existing homes in 1998 significantly outpaced that of 1997...

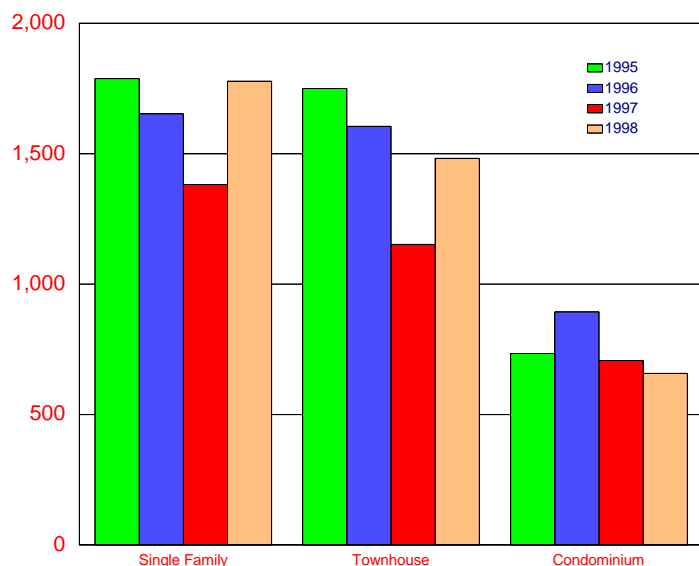
The 1998 sales volumes of all types of existing homes outpaced that of the prior year by significant margins. In 1998, 5,064 existing townhomes were sold, up 50.2 percent, or 1,693 units as compared to 1997. Sales of existing single family homes totaled 9,566 in 1998, topping the prior year by 43.3 percent, or 2,892 units. The 1,712 existing condominiums sold in 1998 outpaced the prior year by 42.2 percent, or 508 units.

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD 1998 ANNUAL COMPARED TO 1997 ANNUAL

	Existing Sales	New Sales
Single Family	3.5	3.9
Townhouse	1.6	8.8
Condominium	-1.3	3.6

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF NEW HOMES SOLD



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

The 1998 sales volume of new condominiums lagged behind the prior year...

In 1998, the sales volumes of new single family homes and townhomes increased, while that of new condominiums lagged.

Through December, 1,779 single family homes were sold, indicating an increase of 28.7 percent, or 397 units. Similarly, 1,483 new townhome units were sold in 1998, indicating an increase of 28.6 percent, or 330 units over 1997. By contrast, the 658 new condominiums sold in 1998 reflect a shortfall of 6.9 percent, or 49 units, compared to the prior year.

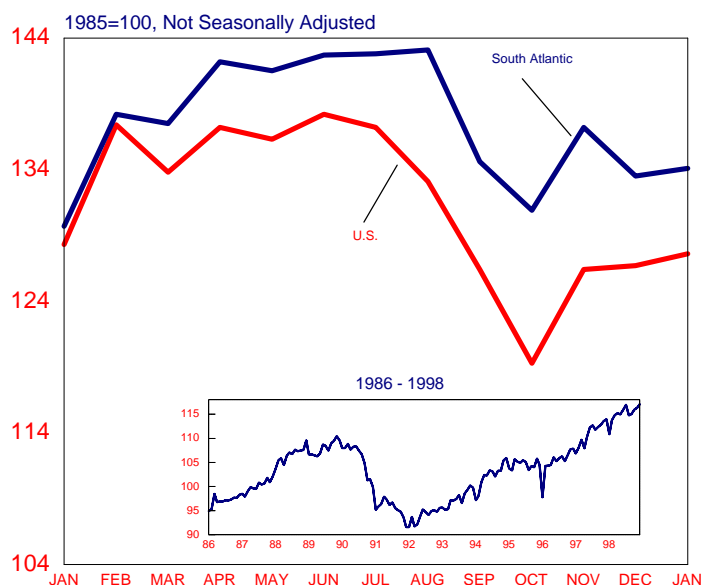
The sales volume of new homes nationwide in 1998 topped the prior year by 10.4 percent...

The sales volume of new homes nationwide in 1998 topped the prior year by 10.4 percent, according to the Commerce Department. New home sales

were up in all four regions in 1998, with increases of 18.6 percent in the Midwest, 9.4 percent in the South and West, and a more modest 5.1 percent in the Northeast.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

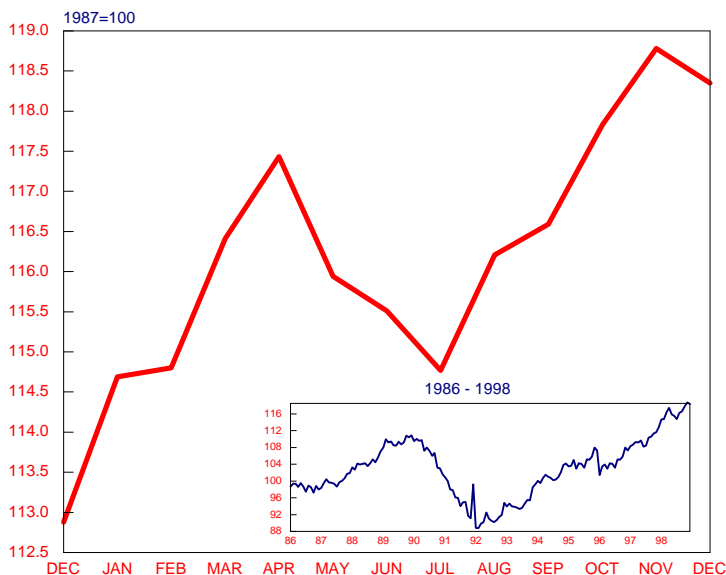
The South Atlantic Consumer Confidence Index rebounded slightly from its December decline...

The Conference Board's South Atlantic Consumer Confidence Index increased a slight 0.6 points in January to 134.1, following a 3.7 point slide in December. The South Atlantic Consumer Index does, however, lead January 1998 by 4.4 points. The national Consumer Confidence Index also gained in January, adding 0.9 points to 127.6. The national Index trails the prior year by 0.7 points.

The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy, and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

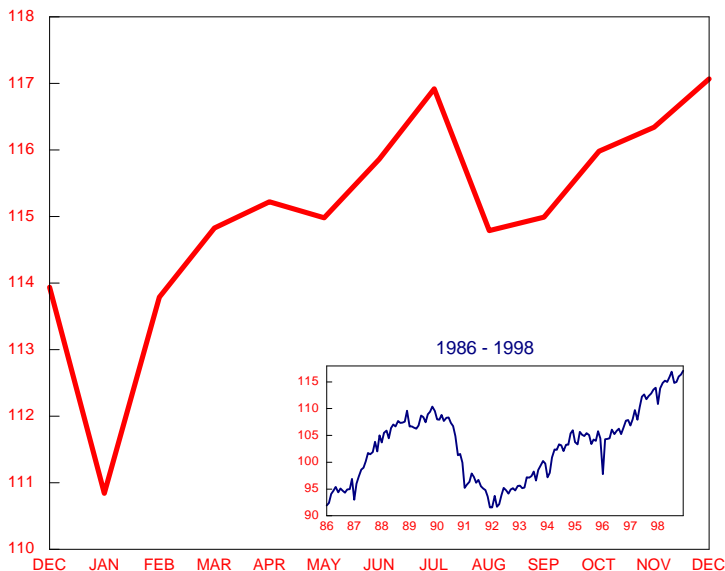
Please note that the Leading and Coincident Indices for both Fairfax County and the Metropolitan area have been revised to reflect updated consumer price data and various statistical adjustments. No changes were made in the economic components incorporated in the indices. The scales have been expanded to give the indices greater vertical dimension, which will make it easier to detect minor fluctuations in monthly performance. The monthly values of the indices and their components have been revised back to 1986.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Coincidence Index registered its first decline in six months...

The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased to 118.35, losing 0.43 points in December. This is the Index's first decline since July 1998. Despite the slight decrease, the Index ended the year with a gain of 4.85 percent, its second largest gain in seven years. In December, three of the Index's four components were negative. Total employment fell for the second month in a row, Sales Tax receipts, adjusted for inflation and seasonal variation, were down for the second consecutive month, and consumer confidence was down for the third time in five months. By comparison, Transient Occupancy Tax collections increased for the fifth straight.



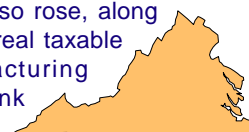
The Metropolitan Coincident Index tops the prior year...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, gained 0.7 points in December, increasing to 117.07. The Index now leads the prior year by 3.1 points. Two of the Index's four components registered gains in December, including non-durable goods sales and total wage and salary employment. By contrast, domestic airport passenger volume at Ronald Reagan National Airport and consumer confidence both registered declines.

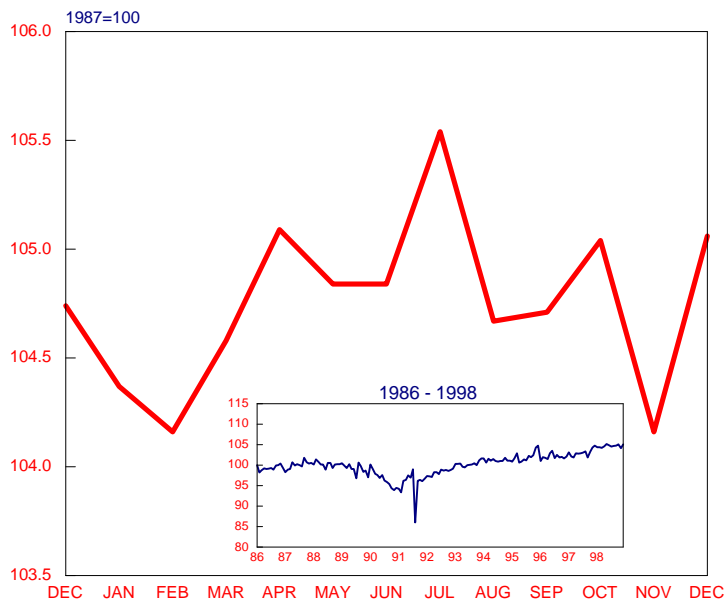


The Virginia Coincident Index gained for the second consecutive month...

Crestar Bank's Virginia Coincident Index gained 0.4 points in December, increasing to 157.7. This was the Index's second consecutive rise. Over the past 12 months, the Index has gained 2.9 points, the smallest 12-month gain since September 1996, as reported by analysts at Crestar Bank. Four of the Index's six components reflected gains in December, with the largest contribution made by non-farm employment. Electricity consumption also rose, along with the real average hourly wage and real taxable retail sales. Conversely, manufacturing employment declined, as did real bank deposits.

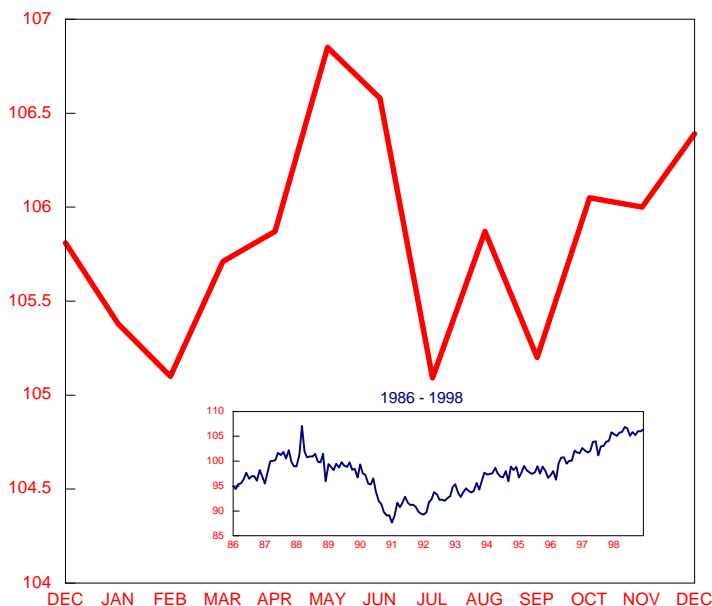


FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index gained slightly in December pointing to sustained economic growth...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, increased 0.90 points to 105.06 in December. For the year, the Index gained just 0.30 percent. Four of the Index's five components made positive contributions in December. New automobile registrations were up, following two months of declines, initial claims for unemployment insurance decreased (improved) reversing three months of gains, the number of residential building permits issued increased, and the total value of residential building permits increased for the second time in five months. Conversely, consumer expectations (consumer confidence six months hence) declined for the third time in four months.



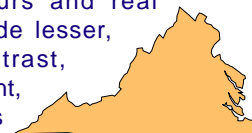
The Metropolitan Leading Index also gained...

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, gained 0.4 points to 106.39 in December. Of the Index's five components, three made positive contributions. Total building permits made the more significant addition, while initial unemployment insurance claims declined (improved) and durable goods sales advanced slightly. By contrast, consumer expectations fell, as did the Help Wanted Index.



The Virginia Leading Index registered its largest monthly gain since May 1996...

The Virginia Leading Index, produced by Crestar Bank, registered its largest monthly increase since May 1996, gaining 1.1 points in December to 168.5. The Index now is 3.7 points above its December 1997 level. Seven of the Index's nine components made positive contributions in December, with the largest gains made by new business starts component. Other components, including residential building permits, new auto registrations, Virginia Stock value, the U.S. Leading Index, average weekly manufacturing hours and real nonresidential building contracts made lesser, albeit positive, advances. By contrast, newspaper ad lineage remained constant, while initial unemployment claims increased (worsened).



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